

INTERREG IPA CBC PROGRAMME

“GREECE-ALBANIA 2014-2020”

INFODAYS

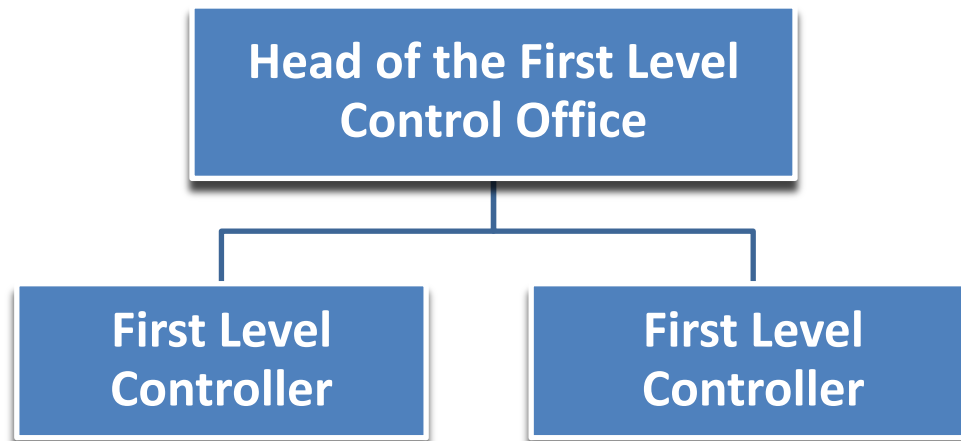
25-26 February 2020

Ministry for Europe and Foreign Affairs

First Level Control Office

FLC Office in Tirana

- Albania has established a centralized First Level Control System, coordinated by the Ministry for Europe and Foreign Affairs.
- The FLC Office is composed by the Head and two First Level Controllers. The staff costs are covered by the TA project budget currently under implementation in frame of this Program.



Legal Framework

- Expenditures incurred by the Beneficiaries in frame of their project implementation have to be in line with the EU regulations, the relevant program and National rules and legislation, as follows:
- *Regulation (EU) No.231/2014 establishing an Instrument for Pre-Accession Assistance (IPA II)*
- *Commission Implementing Regulation (EU) No.447/2014 (implementing Regulation (EU) No.231/2014)*
- *Article 23(4) of Regulation (EU) No 1299/2013 and article 125 of Regulation (EU) no 1303/2013*
- *Commission Delegated Regulation (EU) No 1268/2012 of 25 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union;*
- *Operational Programme and Programme & Project Manual document*
- *Common Guidance on Management Verifications*

Tasks of the Controllers 1/2

The main tasks of each first level Controller are:

- **Verification of the legitimacy and regularity of the expenditure** declared by beneficiaries implementing the operations made on the eligible area as well as the compliance of this expenditure with the EU and National rules.
- **Verification of all documents (100%)** of the operations for which the beneficiaries have prepared their expenditure Declaration in order to verify the eligibility of the expenditure according to the following principles:
 - **Principle of effectiveness** according to which it is necessary to verify that the expenditure is actually incurred and is linked to the operation co-/financed;
 - **Principle of legitimacy**, according to which it is necessary to verify that the expenditure is in compliance with the National and Community legislation and eligibility rules; Verification of financial reports, the compliance of expenses with the budget articles of the application form; Verification of financial documents (legitimacy of expenses, the payments and their compliance with community and national regulations); Verification of the reported activities if they're in compliance with the national and community rules, regulations of public procurement and the fulfillment of requirements for the program publicity;
 - **Principle of localization of the operation co-/financed**, according to which it is necessary to verify that the expenditure incurred is related to the operation made in the eligibility area of the Program; random on-the-spot verifications at the main premises/office of the activities of the beneficiary partners;
 - **Principle of documented evidence:** requires that expenditure has been documented with receipt invoices or accounting records of equivalent legal validity.

Tasks of the Controllers 2/2

- ☐ to implement the guidelines for the checks included the related templates for the submission of the accounting and for their verification.
- ☐ continuously carrying out the implementing plans, programmes, projects and management of competence.
- ☐ defining the objectives, organization, direction, coordination and control of activities of the Albanian first level control office.
- ☐ to store (electronically and in hardcopy) both project dossiers (the submitted Progress Reports) and the records on the verifications (certificates of the verified expenditures stating the work performed, the date and results and the measures taken in case of irregularities detected).
- Each First Level Control Office shall have its own profile to access to the MIS and see all the Progress reports of all the Beneficiaries of its own Country.
- After performing administrative control of expenditure declarations, which is carried out on the whole expenditure, Albanian FLC office is responsible for the on the spot checks of operations of Albanian beneficiaries.

The verification process 1/2

- The main duty of the first level Controller is to verify/certify the expenditure reported by each Beneficiary participating in the project. Prior to filling in a progress report, the Lead Beneficiary will collect the expenditure made by all project beneficiaries, which must be accompanied by the relevant verifications signed by the competent controller.
- The verified expenditure of all beneficiaries must be attached to the relevant progress reports. The Lead Beneficiary will use the official forms (Progress Reports) as in force, which are provided by the JS/MA. Certificates of Verified Expenditures can also be sent to the JS at random intervals as they become available, electronically and in hardcopy and be included in Reimbursement claim to the Commission at any stage.
- ***The process of verification carried out by the controllers at National level includes:***
 - ✓ 100% administrative verifications (desk-based check)
 - ✓ On the spot verifications on a sample basis but at least once during the lifetime of a project

The verification process 2/2

- Desk-based checks are not sufficient on all elements concerning the legality and regularity of expenditure and it is therefore essential to perform the on-the-spot checks, which are carried out in order to check the reality of the project, the delivery of the product/service in full compliance with the terms and conditions of the Subsidy Contract, the physical progress, the respect for Community rules on publicity, and their full compliance with public procurement procedures, on-the-spot checks can also be used to check that the beneficiary is providing accurate information regarding the physical and financial implementation of the project.
- Controller s carries out the on-the-spot checks on a sample basis, the frequency and coverage of the on-the-spot verifications shall be proportionate to the amount of public support to an operation and to the level of risk identified.
- Each beneficiary should send the Progress Report to the designated controller (National FLCO).
- The Lead Beneficiary will submit a progress report (and the Request for Payment) to the JS every six months in accordance with the following schedule:

January- June	30 of July of the respective year
July – December	30 of January of the following year

- The deadline for the submission of the Progress Report is 30 days from the end of the Reporting Period.

“Desk-based checks 1/3”

- That expenditure relates to the eligible period.
- Compliance with Programme conditions.
- Expenditure reported by the Lead/beneficiary and included in the Progress report is real and incurred for the project approved under the Programme.
- Expenditure reported by the Lead/beneficiary is supported by receipted invoices or accounting documents of equivalent probative value.
- The products or services have been delivered in accordance with the subsidy contract.
- Supporting documents submitted by the Lead/beneficiary are complete, accurate and acceptable as to their form and content.
- Expenditure reported by Lead/beneficiary is eligible according to the common eligibility rules of the Programme (PPM and the Guidance), the relevant EU and national legislations.
- The Progress report submitted by the Lead beneficiary is correct and consistent with the supporting documents.
- The part of the project implemented and expenditure reported by the lead beneficiary comply with the subsidy contract.

“Desk-based checks 2/3”

- The part of the project implemented and expenditure reported by the beneficiary are in line with Community and national rules, included public procurement rules, publicity, and rules on environmental protection and on equal opportunities.
- The part of the project implemented by the Beneficiary receives financial contribution only under the Interreg IPA CBC Greece-Albania Programme (double-financing of expenditure with other Community funds must be avoided).
- The expenditure declared by the beneficiary concerned within the meaning of Article 23 of Regulation (EU) 1299/2013 has been also verified.
- The Beneficiary maintains either a separate accounting system or an adequate accounting code for all transactions relating to the project.
- Adequacy of supporting documents and of the existence of an adequate audit trail.
- Possible revenues have been deducted from the total eligible expenditure of the project part implemented by the beneficiary or the beneficiary declares that no revenues have been generated.
- The VAT reported is ineligible cost, but recoverable through refund application procedures according to Albanian national legislation.
- Expenditure reported in the Progress Report by the beneficiary is not affected by irregularity or any suspected irregularity.

“Desk-based checks 3/3”

- When the FLCO receives the documentation of the expenditure by the Beneficiary (hard copy version of the Progress Report and related supporting documents), the Controller/s shall initiate the verification of 100% of the expenditure declared, focusing the check on the administrative aspects of the project.
- *All desk-based checks shall be completed before issuing a CVE.*
- Prior to filling in a progress report, the Lead Beneficiary will collect the expenditure made by all project beneficiaries, which must be accompanied by the relevant verifications signed by the competent controller of the respective country. The verified expenditure of all beneficiaries must be attached to the relevant progress reports.
- *Certificates of Verified Expenditures* can also be sent to the JS at random intervals as they become available, electronically and in hardcopy and be included in Reimbursement Claim to the Commission at any stage. However, these must be always re-submitted along with the Progress report in which they will be reported.

Timing Administrative Checks

Intensity	Administrative Checks (for all work packages)
Management verifications of 100% of the applications for reimbursement	<p>Approved application form Partnership agreements Procurements Procedure Documents Contracts Invoices Bank Statements Payment Orders Travel authorization Time-sheets Proof of participation Agenda of meetings Proof of existence (photos, etc.) Reports, Minutes etc.</p>

“On-the-spot checks 1/3”

Verifications of the accounting system and audit trail:

- If a Lead beneficiary's separate bank account is opened to receive and shall further transfer the respective Union's Support to the Project Beneficiaries (PB) from Albania within one month of its receipt.
- Project beneficiaries must have a dedicated interest-free bank account for the purpose of their project implementation and sound financial management.
- Payment of the eligible preparation costs should be included preferably in the first progress report .
- Adequate accounting codifications for all transactions relating to an action are used for the project in the accounting system which allows the identification of costs.
- The expenditure reported corresponds to the accounting records and supporting documents held by the beneficiary.
- Original invoices or other accounting documents of probative value related to the expenditure already reported are available.
- Audit trail relevant for the Lead beneficiary exists, are complete and are available at the premises of the Lead beneficiary.
- If revenues are reported, evidence exists in the accountings documents of the Lead beneficiary on the revenues generated by the project.

“On-the-spot checks 2/3”

Verifications of the accounting system and audit trail:

II. Verification of expenditure :

- Services already reported within the project have been delivered in reality, are available on the premises of the project beneficiary and are used in line with the project purposes.
- Equipment/materials/studies already reported within the project have been purchased/rented/leased/produced in reality and are used for the project purposes.
- Activities already reported within the project have been implemented in reality.

III. Verification of the compliance with EU policies and other

- Evidence that the selected public procurement procedures are in line with the public procurement rules.
- Any actor implementing IPA II assistance shall fulfill the requirements on information, publicity and transparency.

“On-the-spot checks 3/3”

- On-the-spot checks have to cover the additional verifications from financial, technical and physical aspects of the project and can be performed proportionally to the amount of public support to an operation and to the level of risk identified by such verifications, according to the type of project and of the related Beneficiary.
- On-the-spot check means control checks undertaken by First Level Controllers on the premises of a Beneficiary or any other project-related site.
- The verification covering only administrative aspects performed on the premises of the Lead/Project Beneficiary cannot be considered as on-the-spot checks, unless the requirements of the on-the-spot verification are covered.

Timing of the “On the Spot Checks”

Timing/Intensity	On the Spot Checks
<p>At least one on-the-spot check to be carried out for each partner during the lifetime of the project</p> <p>It is highly recommended, that the checks are carried out when the project is in progress</p> <p>Follow-up verifications through risk-based approach according to findings during previous desk-based checks</p>	<p>Control of the services works and supplies rendered during the project implementation</p> <p>Compliance of the expenditure with the project - realization of the expenditure</p> <p>Conformity of the original documents with the documents submitted to the FLC Office</p> <p>Financial and Physical progress of the project</p>

Progress Report package 1/2

- Progress Report package (containing Activity and Financial Report, as well as supporting documentation) are firstly submitted through the M.I.S, where it will be automatically stored. After this, the First Level Control Offices will receive by the Lead Beneficiaries a complete paper version of:
 - ☐ *the file (in pdf) produced by the M.I.S. named “Progress Report”, signed and stamped by the Legal/authorized representative of the Beneficiary,*
 - ☐ *all necessary documents supporting the reported expenditures annexed to the Progress Report.*

Progress Report package 2/2

- ❑ When the Progress Report package has been formally received by the FLC, the Controllers should immediately insert into the M.I.S. the date of the documentation received from each project beneficiary.
- ❑ The First Level Controllers may also ask the Beneficiaries to provide more in-depth documentation.
- ❑ It is proposed, that the insertion of additional necessary documents/information, which can be later referred to as “integrations” shall be required by FLCOs through the emission of the concerned CVE (declaring expenditure as “Awaiting for Integrations”). FLCOs may anyway decide, according to their internal procedure, firstly to require needed integrations outside the M.I.S. (asking for integrations within 10 days before finalizing the CVE) and, secondly, to proceed with the request through the emission of the CVE in case the Beneficiary does not provide what is required. After having received the integrations by the Beneficiary within the set timeframe, and if there are no further outstanding issues regarding the same Progress Report, the related CVE can be issued.
- ❑ However, the application of this procedure shall not in any case affect the three-month deadline FLCOs have to issue a CVE according to the Article 23(4) of (EU) Regulation No.1299/2013.
- ❑ The FLC Office will store only the copy of the progress reports. All the original documents should be kept by the beneficiaries at their premises for at least 3 years after the end of the Programme.

Use of the Euro

Taking into account the following regulations:

- *Regulation (EU) No 1299/2013, Article 28*
- *Regulation (EU) No 1303/2013, Article 133*

- ☐ Any expenditure incurred in a currency other than euro, shall be converted into euro, using the monthly accounting exchange rate of the Commission in the month during which that expenditure was incurred. The conversion shall be verified by the controller in Albania.

- ☐ *The monthly exchange rates of the Commission are published on:*
http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm

Procurement

- ❑ As stated in the programme and project manual, according to article 45 of the “Commission Implementing Regulation (EU) No 447/2014 on specific rules for Implementing Regulation (EU) No 231/2014 on IPA II for the award of service, supply and work contracts, by beneficiaries of Interreg IPA Greece-Albania CBC Programme 2014-2020 the procurement procedures shall follow the provisions of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012 which apply in the whole programme area, both on the Member State and on the IPA II beneficiary/ies' territory.

- ❑ *Albanian beneficiaries are suggested to apply the official standard templates from **new PRAG 2019 (15 July 2019)** published by the EU commission, in order to facilitate the relevant procedures.*

Procurement Thresholds

*according to **the new PRAG (EC)** 15 July 2019*

SERVICE CONTRACTS	<p>≥ EUR 300 000</p> <ul style="list-style-type: none"> - International restricted or open tender procedure 	<p>< EUR 999 999</p> <ul style="list-style-type: none"> - Framework contract SIEA 2018 Or < EUR 300 000 - Framework contracts (SIEA 2018, Audit, Commission, ...) - Simplified procedure 		<p>≤ EUR 20 000</p> <ul style="list-style-type: none"> - Single tender <p>A payment may be made against invoice without prior acceptance of a tender if the expenditure is ≤ EUR 2 500</p>
SUPPLY CONTRACTS	<p>≥ EUR 300 000</p> <ul style="list-style-type: none"> - International restricted or open tender procedure 	<p>< EUR 300 000 but ≥ EUR 100 000</p> <ul style="list-style-type: none"> - Local open tender procedure 	<p>< EUR 100 000 but > EUR 20 000</p> <ul style="list-style-type: none"> - Simplified procedure 	<p>A payment may be made against invoice without prior acceptance of a tender if the expenditure is ≤ EUR 2 500</p>
WORKS CONTRACTS	<p>≥ EUR 5 000 000</p> <ul style="list-style-type: none"> - International open tender procedure <p>or</p> <ul style="list-style-type: none"> - International restricted tender 	<p>< EUR 5 000 000 but ≥ EUR 300 000</p> <ul style="list-style-type: none"> - Local open tender procedure 	<p>< EUR 300 000 but > EUR 20 000</p> <ul style="list-style-type: none"> - Simplified procedure 	

Co-financing

- ❑ *Regarding the national contribution beneficiaries from Albania will provide the **15%** of the national counterpart.*
- ❑ As already stated and in accordance with article 125(4) of Regulation (EU) 1303/2013, verifications to be carried out at national level shall cover administrative, financial, technical and physical aspects of operations co-financed by the beneficiaries' own funds.

Value on Added Tax (refund procedures)

- ❑ According to the Decision no.4 dated 22/01/2013 of the Ministry of Finance of the Republic of Albania “On some additions to Decision No.17, dated 13.05.2008 “on the Value Added Tax”, amended:
- ❑ “Pursuant to art.36 of Law 9840 of 10.12.2007, contractors of IPA –funded projects shall be refunded by the Regional Tax Directorate (RTD) for VAT paid on goods or services supplied under such projects.
- ❑ ***For VAT reimbursement, beneficiaries should submit the following documents to the RTD:***
 - Certified copy of the subsidy contract and/or partnership Agreement between the EU beneficiaries (*including NGO's*) and Managing Authority, in Albanian and English language;
 - Title of the project in Albanian and English;
 - Contract amount and duration of the project;
 - Name of the non-profit organization responsible of the project;
 - Documents proving the non-profit nature status of the organization.
 - Copy of original receipts of goods supplied and services rendered under the project implementation

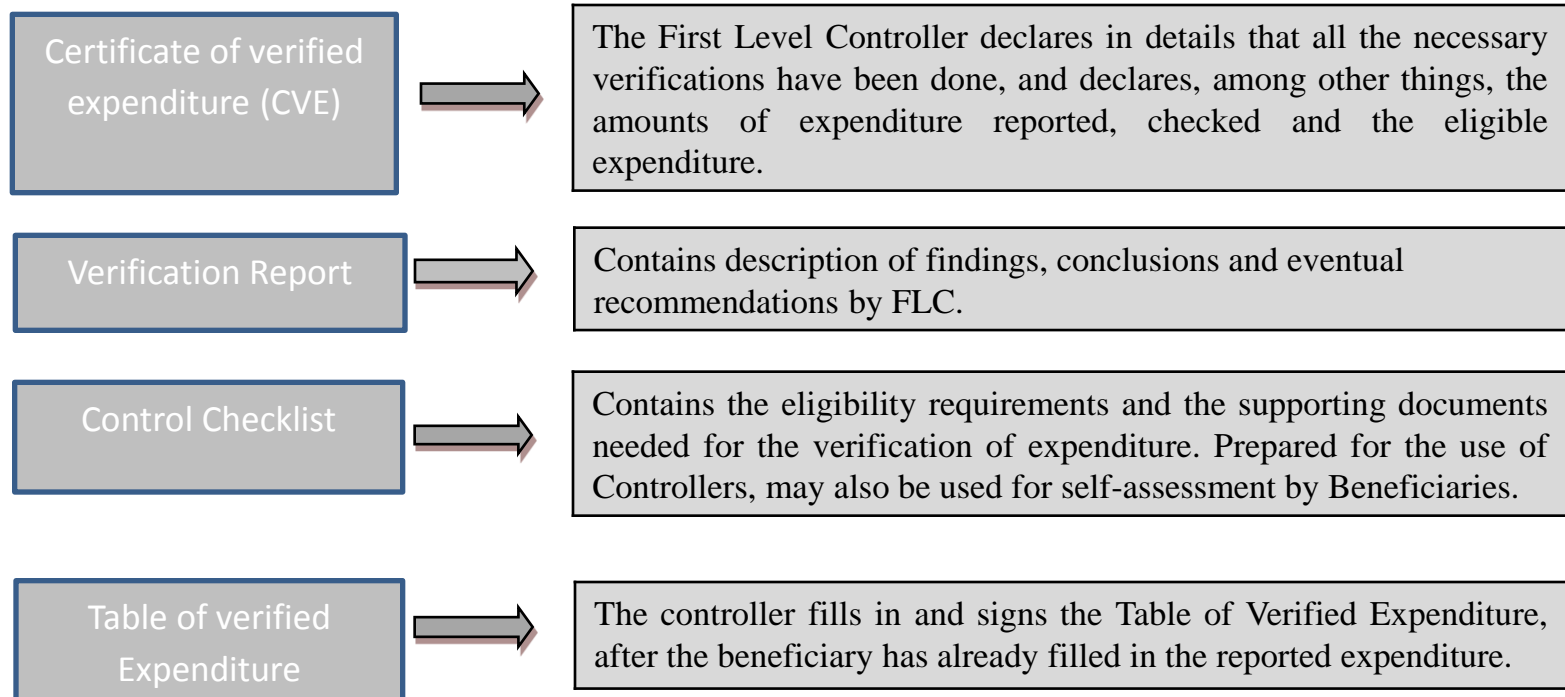
Double financing

- ❑ Double financing/declaration of costs Pursuant to article 9(2) of the Regulation (EC) No 718/2007 of 12 June 2007 and with Article 13(2) of the Commission Regulation (EC) No 1828/2006 of 8 December 2006, verifications shall include procedures to ensure that no expenditure shall be financed under more than one operation and thus to avoid double-financing of expenditure with other Community funds and with other reporting periods.
- ❑ Therefore it has been required that each original invoice and accounting documents of probative value is voided by means of a stamp (or writing by pen even if the use of a stamp is strongly suggested).
- ❑ The sentence borne by stamp (or by pen) has to provide at least the following information:
 - the concerned expenditure has been co-funded by the IPA Greece-Albania CBC Programme
 - the code and the name (acronym) of the project
 - the amount reported or declared as eligible
- In order to avoid double declaration of cost, the controller may also check that the reported expenditure is actually accounted with an appropriate project accounting code . For electronic invoices, it's recommended to verify the presence of a text identifying project and the programme in the title of the invoice.

**Expenditure incurred under Interreg IPA GREECE-ALBANIA
2014-2020 CBC Programme, Project "<Acronym> - Code
<Code>", for a sum of ALL, equal to €, date.....**

Corresponding to the Original

Verification Annexes



Thank you for your attention

First Level Control Office Contact

Interreg IPA II CBC Greece-Albania Programme 2014-2020
Ministry For Europe And Foreign Affairs

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